Audit's® MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

February 10, 1984 (Priced Feb. 7) VOL. XV, No. 3

MARKET STRATEGY: KEEP POWDER DRY BECAUSE MARKET SLIDE SEEMS CLOSE TO BOTTOM

This the time when the black headlines from Washington seem to offer no exit and a 140-point slide on the Dow-Jones Industrials seems a frightening free-fall. But things are never quite as bad -- nor good -- as they seem. Items:

--The market has fallen during the first half in three of the past four presidential election years, mostly bottoming in the second quarter. If the 1984 slide follows the profile of the other three, the DJI would bottom in the 1050-1125 range -- not far from today's close. And in those earlier years, the market was an average 25% higher on Election Day.

--When the market is so good or bad as to merit front page coverage by the New York Times, it's usually a good time to go against the prevailing tide. This slide hit The Times front page today!

Not to be overlooked is fact that realty stocks are off to a much better start than the DJI: Our group action summary on Page 8 shows realty stocks down 3.4% the past two weeks vs. a 5.0% spill for the DJI. Realty stocks now have a 3.8% performance advantage for the year.

Major homebuilders have been the poorest performers to date, off 10.5% for the year; manufactured housing stocks follow closely with a 10.3% spill. No other realty stock group has declined in double digits.

We review Pulte Home Corp. on Page 2 and find it a most alluring growth stock, despite the prevailing pessimism. PHM was one of the bull market's stars before falling sharply; it is now 47% below its bull market high.

It's not hard to figure why Wall Street has soured on builders: EPS comparisons are narrowing and backlog is flat at best. Here's a table we've assembled showing how seven major independents fared in unit deliveries and year-end backlog for calendar 1983:

	-Deliveries-		--Backlog---	
Company	1983	% Chng.	1983	% Chng.
Amer. Contl..	4,052	+31%	1,147	-15%
Centex Corp..	6,299*	+41	1,944	- 7
Genl. Home...	5,006*	- 2	1,056	- 8
Pulte Home...	12,008	+73	2,209	+ 9
Ryan Homes...	8,903	+37	3,418	+ ½
Ryland Group.	5,491	+98	1,647	- 6
U.S. Home....	14,028	+11	1,954	-14
TOTALS....	55,787	+34%	13,375	- 5%

* 12 months ending Dec. 31.

Sure, housing is volatile and somethings can go wrong for builders. But majors accounted for about 8.9% of merchant builder sales last year and the percentage is growing. That's why the best managed ones can become growth stocks. And if you don't like their stocks, try the converts; PHM has a convert yielding 8% (see bond tally, Page 8).

DEPARTMENTS INSIDE

STOCK REVIEWS THIS ISSUE

KENNETH D. CAMPBELL, PRESIDENT/FAYE KREISMAN, STATISTICS/AUDIT INVESTMENTS, INC., 230 PARK AVE., N.Y. 10169

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTIONS $244 ANNUALLY/GROUP RATES ON REQUEST

STOCKS IN THE SPOTLIGHT: AMERICAN PACIFIC BUILDS TURNROUND MOMENTUM IN MAJOR PROJECTS

We believe American Pacific Corp. is building a sharp EPS recovery around major long-term property developments. So while we keep its Ranking at D, based on the long-term track record, we see merit in speculative positions during market sogginess.

It's clear the market doesn't like homebuilders and developers at this market juncture. So why try to push a string? Simply because the most rewarding strategy is to buy stocks that are easy to buy -- driven to bargain values by heavy sellers.

Such is APFC. Shares at $4.75 bid are 13% below a $5.46/sh. book value beefed up by recent rights offering at $5½/sh. that included conversion of Chrm. John Wertin's preferred stock into common (Wertin holds 47% now) at that price. It means the public today can buy stock about 10% below the insider price.

The offer also cut APFC's debt to 2.6 times shareholders' equity, still high at this stage of the real estate cycle but nowhere near the level we've bemoaned. The heftier capital base gives APFC some room to boost sales at four major projects for which it has strapped itself to ready for big sales pushes. That quartet of projects:

--Villamar, a 55-acre project overlooking San Diego's Mission Bay planned for 2,287 condos, beginning sales in 1985.

--Sabal Point, a 1,500-unit planned community north of Orlando, now about one-third sold.

--Housing projects in Orange County, Cal., where APFC has assembled a major parcel in Yorba Linda and is building 200-DU Villa Niguel.

--Acquisition and renovation of 240-room Breakers Hotel in Long Beach, Cal. near a major downtown redevelopment.

There's risk in each project but Wertin has a solid record of profitmaking as a private developer before taking control of APFC when it was a former REIT. Property for development and sale at $97 mil. now is about two-thirds of total assets.

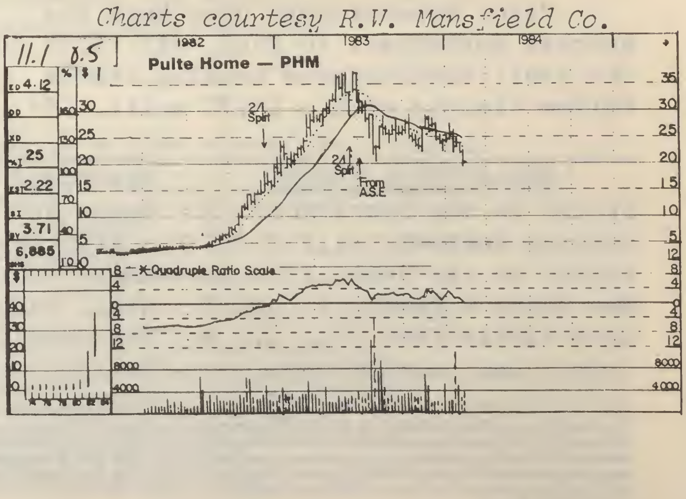
While assembling these projects APFC also has been slowly improving results and netted 6¢/sh. in the Sept. 1983 qtr., although the year ended with a 45¢/sh. loss vs. $1.38/sh. loss in 1982. Total revenues rose 115% and property sales accounted for 42% of operating profit while the PEPCON subsidiary, one of two U.S. makers of solid rocket fuel components, added 58%. Other operations were a net breakeven. Interest expense remains high although 89% of interest incurred was capitalized into realty projects. There's danger that rising interest rates could choke realty sales, but the PEPCON business adds balance and is improving with longer-term space commitment Shares are now listed as long-term buys.

RANKING REVIEWS: EIGHT STOCKS HOLD RANK, INCLUDING PULTE HOME, FANNIE MAE, HUBBARD

We've reviewed Rankings of eight stocks the past two weeks and are holding Rank for all eight, including American Pacific Corp., reviewed at left. Rankings normally are reviewed yearly when five-year earnings and capitalization trends are clear (see criteria, Page 7).

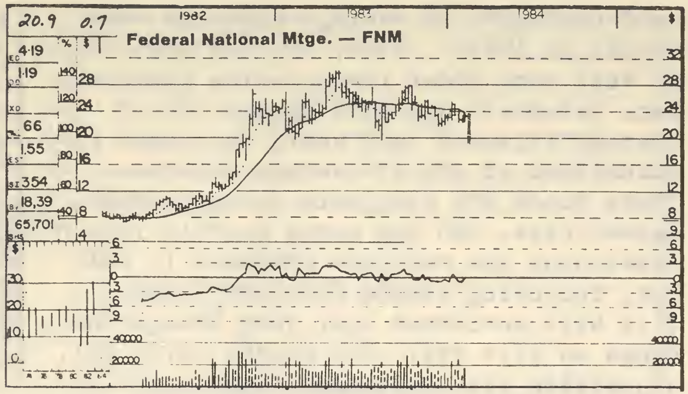
Pulte Home Corp. retains A Rank by a 102% EPS surge and highly liquid balance sheet. Margins narrowed in the closing Dec. qtr., mainly because of higher interest costs on buyer financing, and the stock sank to a 52-week low. At 20, shs. are now selling at 11 times latest 12-months' EPS and 6 times cash flow, lowest multiples in nearly two years. PHM netted $1.84/sh. ($1.78 diluted) in 1983, and dividends almost doubled to a still-nominal 10¢ annual rate. PHM home deliveries surged 73% to 12,008 homes, making PHM second only to U.S. Home among multi-market home-

Charts courtesy R.W. Mansfield Co.



builders. PHM average sale price rose 4% to $72,000, a bit below the national median, and it opened new divisions in Denver, Atlanta, Dallas/Ft. Worth and Tampa. About one-third of deliveries were attached units, up from 30½%. Yearend backlog was up only 9% to 2,209 homes, signaling some slowing of PHM's phenomenal growth. Western regions (Az., Cal., Col., Tex., Wash. & Wyo.) accounted for 57% of sales. PHM turned its beginning assets 3.6 times in 1983, up from 2.7 turns, by minimizing land development and inventory (although land for development rose 157% to 16% of assets at yearend). PHM's unconsolidated mortgage banking subsidiaries, ICM Mortgage and Pulte Finance Co. provided mortgage financing for about 80% of PHM buyers, and generally obtain funds by selling mortgage backed bonds and other securities backed by the mortgages; since PHM technically retains title to the loans, it records closings as installment sales for Federal income tax purposes and thus defers income tax until loans are repaid. The technique let PHM defer a net $46 mil. (or $1.73/sh.) taxes in 1983, giving PHM total cash flow of $3.40/sh., up 128%. The mortgage subs contributed 26¢/sh. (14%) of consolidated EPS, up only 6%. These subs service $1.7 bil. of mortgages, which we estimate has off-balance sheet value of $1.25/2h. Total corporate debt is a low 0.26 times shareholders' equity, meaning direct interest is a low part of PHM's sales cost. If rates remain stable PHM should boost EPS for 1984, with our working estimate being $2.25-$2.50/sh. PHM is a well managed growth company now suffering from Wall Street skepticism about builders; Buy longer-term through the lows.

Federal Nat. Mortgage Assn. or Fannie Mae holds C Rank even though it swung to profit in 1983 and its highly leveraged balance sheet improved as debt was lengthened. FNM earned $1.15/sh. ($1.13/sh. diluted) in 1983, vs. $2.20/sh. primary loss in 1982. No doubt that lower interest rates were major in FNM's turnaround but a new management style and direction also are crucial. Originally chartered by the Federal government to provide a secondary market for mortgages, FNM early adopted a fixed-price commitment system that reaped huge losses because mortgage originators

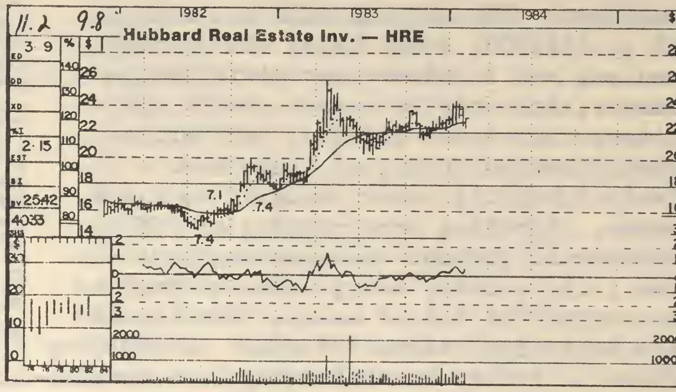


sold loans to FNM only when rate spreads were in their favor, thereby dumping loss loans into FNM. New management installed 3 years ago changed all that and now loan originators can deliver mortgages only at prices pegged to current yields; Congress went another step last Dec. 1 by freeing the FHA mortgage rate so that FHA government insured loans carry market rates. This revolution in mortgage financing was forced on mortgage lenders because of high and continued volatile interest rates and deregulation of deposits at banks and thrifts. All this reduces risk in FNM greatly. This has let FNM book both yields and money costs the past two years so that FNM's net spread on new mortgage purchases the past two years have been at record net spreads for the last 15 years, at 2.58% in 1983 and 2.18% in 1982. Moreover FNM has bought a record $32½ bil. new loans the past two years, representing about 42% of the total $75.7 bil. net portfolio. While FNM's method of financing with a mix of short- and long-term debt (36% is short-term now) doesn't let FNM lock in these spreads, it does mean that new business is highly profitable -- even when FNM buys old-style fixed-rate loans. The problem remains the huge 60% of portfolio still at older low rates; because of it the entire portfolio yielded only 10.7% in Dec. and with average 11.07% money costs, FNM had a negative 0.37% spread on loans financed with leverage. With return on internally financed mortgages adding 0.48%, FNM had a positive 0.09% interest margin in Dec. for the first positive month since Mar. 1980. All this means FNM is building momentum and staying power into its portfolio that will only increase as older loans are re-

paid (about 9% of average balances were repaid in 1983). Also, FNM has been able to sell some older loans during interest rate "windows" and sold another 6% of average balances last year, for total liquidations of 15% of average balances. These funds are available for new loans. Beyond this, FNM has moved heavily into developing new mortgage products it will buy, including second mortgages where $1.4 bil. purchases last year brought holdings to $2.4 bil. FNM bought $4.25 bil. adjustable rate mortgages last year (24% of purchases) and held $7.1 bil. (11% of portfolio) in ARMs at year-end; ARMs could reach 30% by 1988.

Finances: Even though mortgage purchases are aimed at letting FNM swing with interest rates, FNM retains its attraction to interest rate speculators by virtue of its enormous leverage: Debt of $74.6 bil. is 58½ times stockholders' equity and, with its agency status, FNM is a major debt issuer behind only the Federal government itself. At yearend 64% matured beyond one year, up 1% from 1982. Average maturity is 2.42 years now and FNM expects to stretch this to four years by 1988, money markets willing. FNM hopes to lower the debt-equity ratio to about 40/45-to-1 in that time. The stock ran up to 30-1/8 in spring 1983 on hopes for lower interest and estimates that EPS could near $4/sh. for 1983 and $6-$8/sh. in 1984. Certainly FNM has such earning power under favorable conditions, but with the enormous uncertainties of predicting interest rates, we prefer not to focus on near-term EPS but rather look at the favorable long-term trends outlined above. Shs. are volatile (off 2-3/4 to a new low on Wed.) where they sell near the $18.16/sh. net tangible book value. The chart shows FNM at the bottom of a trading range based at tangible book; we'd accumulate on weaknesses but be careful below 18.

Hubbard Real Estate Investments holds B Rank with an EPS and CFS gain including capital gains and continued conservative balance sheet. HRE's planned redeployment of assets out of net leased properties (see RSR 8/12/83) continues on schedule. HRE earned $1.87/sh. from operations in its Oct. 1983 year, down 4%, and 12¢/sh. gains on property sales



brought total net to $1.99/sh. Dividends increased to a $2.20/sh. annual rate. Cash flow from operations was $2.51/sh., down 1%. Results were influenced by disposition of net leased properties; a June stock sale at $23.13/sh. which added 40% to outstanding shares; and consolidation of two office building joint ventures now controlled by HRE. During 1983 HRE sold its major net leased properties:a string of Safeway stores (sold for a $17.9 mil. mortgage yielding 12%, due 1991 and including $1.5 mil. deferred profit); and an Ashland Oil office sold for cash. The moves eliminated all step-down rents in leases. In Nov. HRE paid $65/sq. ft. (or $10.75 mil.) for an 85% interest in a 175,000 SF Southfield, Mich. office now 87% leased. These changes leave HRE with $115.3 mil. realty investments divided 44% shopping centers and offices under operating leases; 20½% property subject to financing leases, mainly distribution facilities leased to Chrysler and Firestone; 17% joint ventures in offices; and 18% mortgages taken back on properties sold. By property type holdings are 43% retail, 36% office, and 21% service/distribution. Long viewed as a slow growth, bond type investment, HRE is making progress in two areas:

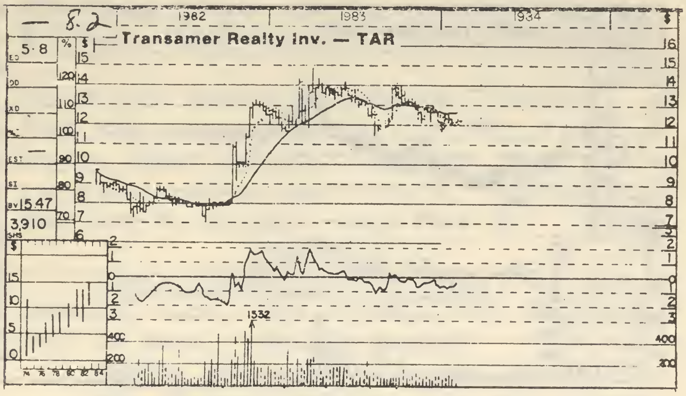
--Retail centers: HRE owns nine shopping centers with 981,000 SF, with $21.20/SF net cost; all are now rerented after the former tenant W.T. Grant went bankrupt in 1975. Overage rents more than doubled in 1983 and added 10¢/sh. to income. We feel there's about $3.25-$5/sh. unrealized appreciation in these centers now.

--Office buildings: HRE owns a net 482,000 SF offices in five diverse mar-

kets, all strong but currently overbuilt. Four buildings are held in joint ventures and one is owned fully. At yearend two ventures were consolidated after HRE acquired economic control. Status: In Portland, Ore., HRE acquired an option to increase its stake from 50% to 75% in a 204,000 SF office now 92% leased. In Denver it owns 50% and exercises full control of a 120,000 SF office now 76% rented and whose cash flow will increase as concessions end. In Charlotte it owns 50% of a 150,000 SF office near a new retail/hotel complex and bought out a low-rent lease to improve return. In Houston a 100% owned 96,000 SF office is 88% leased. HRE bought 85% of the Giffels Bldg. in Southfield, Mich., now 87% leased including 60% occupied by Giffels.

Finances: Consolidation of the Portland office added $14.2 mil. debt to HRE's balance sheet but total debt of $16½ mil. remains a low 0.12 times equity of $24.08/sh. (which we feel may be understated by $5/sh. or so). Liquidity is high with about $37½ mil. cash ($6.50/sh.) after the Mich. office buy. Shares have been working higher the past few months (chart) and while not dynamic, don't appear to have much downside either at 22½ (NYSE). Buy long-term.

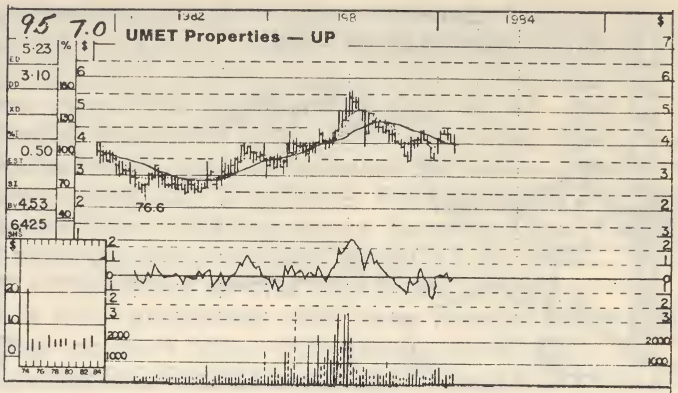
Transamerica Realty Investors holds B Rank despite losing $1.96/sh. in the Nov. 1983 year. TAR lost $3.03/sh. from operations after writing off a troubled Mexican land development to the tune of $2.85/sh.; it cashed $1.07/sh. gains on property sales, mostly foreclosures, cutting the year's loss to $1.96/sh. Ex the writedown, TAR would have earned 89¢/sh. Management is optimistic about building a thriving realty development business upon the skeleton of this former REIT and began paying dividends at a $1/sh. annual rate in 1983. TAR has pretty much cleaned up its problem properties with some sales to be reported in 1984. Most significant include sale of the Jacksonville (Fla.) Hilton for 73¢/sh. gain in 1983; sale of all but 32 units in a Calif. condo; sale of three Bellevue, Wash. commercial sites for a 70¢/sh. gain; sale of a New York City apartment for 12¢/sh. gain, both



to be in the Feb. '84 qtr.; and repayment of $6½ mil. of loans on a Las Vegas apartment. These changes reduce investments to $34.2 mil. divided 59% operating properties, 17% developmental joint ventures, most with other Transamerica units; 12% mortgage loans; 7% foreclosed property, mainly land; and 5% condos for sale. Major operating properties are Ventana Inn, 40 DU luxury country inn in California's Big Sur, booked at $9.8 mil. and whose operations have been hurt by washout of an access highway; and 55% interest in a Bronx, N.Y. shopping center owned in partnership with Mortgage Growth Investors, booked at $8.6 mil. In Phoenix TAR is developing the first phase of a 208,000 SF office park in a joint venture, booked at $3.1 mil. for TAR's 26% interest. Space is 42% leased with 25% leases in negotiation.

Financing: TAR has only $4 mil. mortgage debt or 0.1 times share equity of $13.16/sh., which we feel is understated by $2-$3/sh. It has $10 mil. credit line for working capital, mainly property development. Shares (11-7/8, NYSE) have been in a modest downtrend but have held twice at about 11-3/4 (chart) or about 90% of book; the dividend provides support. TAR shrunk its capitalization by about 27% by buying 1.05 mil. shs. at $13.10/sh. last year. About $6.29/sh. of book losses have not yet been reported as tax losses. We're switching shs. to a less-dynamic long-term buy during price dips below 12.

UMET Properties Corp. keeps B Rank buoyed by continued liquidity and low leverage. UP earned 23¢/sh. from operations in its Nov. 1983 year, down 8%; tax



loss benefits added 19¢ for overall net of 42¢/sh, down 11%. UP paid 33¢/sh. dividends, down from 41¢ because common payout is inducement for holders of non-dividend preferred to convert. UMET has agreed to be acquired by Atlantic Metropolitan Corp. (NYSE--ATC--See RSR 12/23), under substantially common control with UP by an investment group headed by Hallwood Securities NV of London, in a reverse acquisition leaving nearly all UP officers in operating control. Shareholders will vote in April on the plan. The combined company will be called The Hallwood Group Inc. and will operate mainly as an investment and holding company.

Combination terms: The merger will essentially freeze the potential dilution from UP's preferred (which converts on a descending scale that could add 3.98 mil. shs. or 60% expansion of shs.). The plan:

--UP common holders would get one-half sh. of a new Hallwood Group preferred for each common;

--UP holders of 837,000 preferred shs. would get 1.3 sh. of new Hallwood preferred for each preferred now held;

--New Hallwood preferred would get a 14¢/sh. quarterly preference dividend (equal to 28¢/sh. yearly on current UP common); would share ratably with common in payouts above 2¢/sh. quarterly to common; and be convertible into seven new Hallwood common and automatically convert in four years. Sorting thru all this, UP common at 3-7/8 equates to $1.11/sh. market value for ATC; since ATC trades at 1-3/8 now, there's about a 25% arbitrage spread. The UP preferred trades on the Pacific SE at 10-3/4, or about a 16% arbitrage to the $12.51/sh. potential value of ATC common. When the deal is done, UP common will have 36% of new Hallwood, UP preferred 12%, and current ATC 52%.

Investments: UP holds $49 mil. investments divided 53% properties and 47% mortgages, most purchase money notes from property sales. Old Towne Place shopping center, in the Los Angeles suburb of Torrance, has been completely renovated and new anchor stores attracted; closing for renovation hurt 1983 results. UP's cost in this 238,000 SF center is $72/SF. UP also owns a 306,000 SF center in Redford, Mich., acquired Jan. 1983 via foreclosure and with $14.63/SF cost; and 326 apartments in East Point, Ga. with $17,945/DU cost. Debt of $12.2 mil. is mortgages on properties and is 0.3 times equity. Liquidity is high. ATC also has low leverage but properties are less liquid. The deal calls for new Hallwood to acquire 47½% of Interallianz Hallwood NV, a merchant banker doing financial restructuring of unrelated public companies; Interallianz Bank Zurich is the other owner. At 3-7/8, UP is about 17% below $4.65/sh. fully diluted book; depreciation and discounts would add 52¢/sh. We are upgrading UP to a speculative long-term buy.

American Continental Corp. holds C Rank off a strong EPS gain. AMCC posted $1.64/sh. diluted EPS in 1983, up 165%. No dividend is paid. AMCC is a market newcomer, having re-entered public markets in Aug. 1983 after a time as a private company under wing of Cincinnati financier Carl Lindner. Still mainly a homebuilder in Phoenix and Denver, AMCC is active in commercial realty construction and has agreed to buy 100% of First Lincoln Financial Corp., a California S&L subject to regulatory approval. AMCC delivered 4,052 housing units in 1983, up 31%, divided 70% Color. and 30% Ariz. New affordable attached units were 24% of deliveries. Madema Homes, AMCC's Color. unit and the state's largest builder, had a 44% sales gain with $79,300 average sale price. In Phoenix, Continental Homes operates in 18 tracts with patio homes in the low $40,000 range up; average sale price is $85,000. AMCC's mortgage banking subsidiary, Amer. Cont'l. Mortgage, originated loans for 98% of AMCC buyers and serviced $629 mil. loans at year-end, worth about $1/sh. off-balance sheet. At yearend AMCC raised $56 mil. via preferred stock offering and will use funds to acquire First Lincoln Financial for $50

mil. or 1.6 times FLF book.

Finances: AMCC operates with a leveraged balance sheet showing $204.3 mil. face amount of debt plus $56.3 mil. redeemable preferred, the $260.5 mil. total being 6.1 times net tangible common equity of $42.7 mil. or $3.16/sh. But 70% of this is long-term capital (i.,e., $125 mil. 10-3/4% senior notes due 1990 and $56.25 mil. redeemable preferred), so AMCC is not inordinately exposed to rate swings. EPS have been somewhat volatile historically but stable capital should help. AMCC projects about 5,100 closing in 1984, up about 25%, and sees about $2/sh. EPS if rates hold steady. Shs. are holds at this market juncture.

Lifetime Communities Inc. maintains C Rank with an operating EPS gain and more balance sheet strength. LFTMS netted 8¢/sh. from operations in the Oct. 1983 year, including 30¢/sh. loss reserve reversals, up from 1¢; tax loss benefits and debt retirement gains added 15¢ for 23¢ total. A former REIT restructured via bankruptcy, LFTMS holds remaining investments of $53.5 mil. with 55% property held for development, mainly land; 25½% property for sale; ½% investment property; and 19% mortgage loans. After yearend LFTMS sold about 2/3 of loans at a discount and used cash to pay bank debt down to $5 mil. About 54% of property is undeveloped or in-development land. A major attraction is shell of incomplete Outrigger condos in North Miami, acquired after long litigation and ready for completion. Finances: $22.8 mil. yearend debt is 0.7 times book and later repayment of $4.4 mil. cut leverage further; 73% of remaining $18.4 mil. debt is mortgages. Book value is $6.23/sh. and LFTMS has $16.38/sh. unused tax-loss carryforwards. With shs. at 6 bid OTC, shs. are long-term speculative buys.

STOCKS IN THE NEWS: GENERAL GROWTH PROPS. TO SELL SHOPPING CENTERS AND LIQUIDATE

General Growth Properties (28½--NYSE) is negotiating to sell substantially all its shopping centers to a major investor for cash that could work out to about a $25/sh. distribution. GGP's remaining assets, including some land, purchase money mortgages and two apartments, would then go into a one-year liquidating trust that ultimately could distribute about $10/sh. notes and other proceeds.

NEW HIGHS & LOWS: 10 NEW LOWS OUTNUMBER 8 HIGHS, FIRST NEGATIVE READING SINCE NOV.

Ten realty stocks touched new 52-week lows the past two weeks, vs. only 8 new highs, first downside majority since the two weeks ending last Nov. 3. New highs and lows by category thru Feb. 8:

NEW HIGHS

Property/combination REITs (5): Comnonwlth. Rlty., Gen. Growth, Old Dominion, REIT of Amer., Wincorp Realty.

Income props. (1): Charan Indust.

Mtg. finance/holding (1): Brit. Land.

Diver. Rlty./Serv. (1): Cousins Props.

NEW LOWS

Prop. REITs (1): HMG Property.

Builders/dev. (5): Deltona, Pulte Home, Ryan Homes, U.S. Home, Writer Corp.

Mortgage (1): Fed. Nat. Mtg.

Mfg. Hsg. (3): Champion, Redman, Skyline.

APPRAISED ASSET VALUE COMPARISONS

QUALIFIED REITS	DATE	APPRAISED VALUE/ SHARE	% PRICE TO APP. VALUE
AM EQUITY INV #	12/82	$25.75	-41.7%
BANKAMER RLTY	7/83	$28.50a	-15.8%
CALIFORNIA REI#	12/82	$15.11	-27.2%
COMMONWLTH RLT#	11/82	$17.00	-42.6%
FIRST UNION RE#	12/83	$32.40	-32.9%
INTL INCOME PR#	12/82	$10.51	-19.1%
JMB REALTY	8/83	$38.68	-22.4%
NEW PLAN RL TR#	7/83	$13.85	-18.8%
REIT AMER INC #	10/83	$58.03	-38.4%
SANTA ANITA	12/82	$23.04	-2.3%
UNIVERSITY RE	12/82	$9.00	-50.0%
USP RL EST INV#	12/82	$15.14	-38.9%
WELLS FARGO M&E	6/83	$29.64a	-8.9%
OPERATING COMPANIES			
BAY FINCL CORP	5/83	$25.92	-24.8%
CARLSBERG CORP	5/83	$18.78	-60.1%
KOGER CO #	12/83	$23.26	0.5%
ROUSE CO #	12/82	$31.50	-6.3%
SAUL (BF) REIT	9/83	$20.42	-34.5%
SOUTHWEST RLTY#	7/83	$24.30	-48.0%

Appraised market values of net assets (i.e., properties held) are used only when reported publicly by companies. Independent appraisers concur in values except for New Plan Realty.

Share values are fully diluted.

a-Entity has not revalued mortgages.

CONVERTIBLE BONDS

DEBENTURE	EX	INT (%)	MAT	MIL $ OUT	CONV AT	SH(000) RESERVD	RECENT PRICE	YIELD (%)	CONV PARITY	STOCK PRICE
AMER CENTURY	AS	7.00	'90	2.40	11.41	210	120.00	5.8	13.69	13.50
AMER CENTY'B	NY	6.75	'91	9.81	15.91	616	89.88	7.5	14.29	13.50
ATL METRO	OC	6.75	'91F	7.33	6.79	1079	58.00	11.6	3.93	1.25
BANKAMER RLT	NY	9.50	'00	5.05	17.44	289	140.00	6.8	24.41	24.00
BANKAMER RLY	NY	9.50	'08	50.00	31.00	1612	100.00	9.5	31.00	24.00
BANKAMERICA	OC	6.75	'90	1.63	14.00	117	110.00	6.1	15.40	24.00
CENTENNIAL	OC	7.00	'86	2.09	16.67	125	83.00	8.4	13.83	1.38
CENTENNIAL*	OC	7.00	'86	2.09	16.67	125	83.00	8.4	13.83	1.88
FED NATL MTG	NY	4.37	'96	27.60	19.63	1406	115.00	3.8	22.57	21.75
FIRST UNION	NY	10.00	'06	28.24	17.33	1629	125.00	8.0	21.66	21.75
FLA GULF	OC	10.75	'01	15.00	11.00	1363	132.00	8.1	14.52	14.75
KOGER PROPS	NY	9.25	'03	20.00	29.75	672	90.00	10.3	26.77	23.75
LOM&NET FIN	NY	9.75	'08	109.35	24.25	4509	110.00	8.9	26.67	22.38
MASSMUTL M&R	NY	7.00	'00	6.98	20.00	349	83.00	8.4	16.60	16.63
MASSMUTL MTG	NY	6.75	'90	3.26	21.00	155	85.00	7.9	17.85	16.63
MASSMUTUAL M	NY	6.25	'91	6.00	33.50	179	69.50	9.0	23.28	16.63
MIW INV WASH	OC	8.00	'90	1.45	8.44	172	85.00	9.4	7.17	5.00
MONY MTG IN	NY	7.00	'90	4.91	11.00	447	89.75	7.8	9.87	8.50
NEW PLAN RLY	AS	9.75	'98	25.00	12.00	2083	116.00	8.4	13.92	11.25
PEARCE(PUMG)	AS	7.25	'92	2.63	21.00	125	68.50	10.6	14.38	7.25
PENN REIT	AS	9.75	'03	35.00	25.50	1372	109.25	8.9	27.85	26.63
PNB MTG	AS	6.75	'91	3.16	20.00	158	75.00	9.0	15.00	14.50
PROPERTY CAP	OC	9.75	'08	40.00	38.00	1052	102.00	9.6	38.76	34.63
PULTE HOME	AS	8.50	'08	59.99	23.75	2525	103.00	8.3	24.46	20.13
PUNTA GORDA	AS	6.00	'92	14.00	19.50	717	68.00	8.8	13.26	9.25
REALTY INCOM	AS	8.00	'91	12.93	16.50	783	84.00	9.5	13.86	7.00
REIT AMER	AS	8.00	'93	50.12	50.00	1002	83.50	9.6	41.75	35.75
RYAN HOMES	AS	6.00	'91	7.46	30.50	244	117.00	5.1	35.68	29.50
SAUL (BF) RL	OC	6.50	'91	25.84	23.00	1123	71.00	9.2	16.33	13.38
SAUL(BF) REI	OC	8.00	'90	5.38	15.50	347	95.00	8.4	14.72	13.38
TRECO INC	OC	8.50	'98	6.29	1.62	3888	200.00	4.3	3.24	3.31
TRI-SO INV	NY	7.00	'92F	5.81	29.50	197	64.00	10.9	18.88	6.50
US HOME	NY	5.50	'96	4.79	11.98	400	97.00	5.7	11.62	10.00
WASH CORP	OC	6.50	'91	11.56	23.28	496	56.00	11.6	13.03	2.75
WELLS FARGO	NY	12.00	'05	27.89	25.03	1114	114.00	10.5	28.53	27.00

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. DEF=IN DEFAULT. F=TRADES FLAT, WITHOUT ACCRUED INTEREST. PH=PHILADELPHIA EXCHANGE. PS=PACIFIC EXCHANGE. *-CONVERTS INTO PREFERRED SHARES.

STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MATURITY	MIL $	PRICE	% YIELD
AMER CONTNL-A	OC	10.75	8/1/90	125.0	85.00	12
AMER PAC-B	PS	16.25	9/30/94	4.4	98.00	16
BAY COLONY PROP-B	PS	8.50	3/15/89	13.8	82.00	10
CAMPANELLI-B	AS	12.88	7/1/94	14.5	87.50	14
DEV CP AM-C	AS	10.00	3/1/93	5.3	74.00	13
DEV CP AMER-C	AS	12.00	7/31/94	9.2	74.63	16
FAIRFIELD-C	AS	15.13	2/15/97	20.0	100.00	15
FPA CORP-C	AS	14.50	9/1/00	25.0	95.63	15
GRUBB & ELL-B	PS	8.50	12/3/87	15.3	88.63	9
GULFSTREAM-A	AS	14.25	6/15/95	30.0	100.50	14
INST INVESTOR-B	OC	8.25	2/1/87	4.8	79.00	10
INTEGRATED-B	AS	12.88	5/15/99	15.4	93.13	13
INTEGRTD RES-B	NY	8.63	4/15/97	85.0	71.00	12
KAUFMN&BRD-C	NY	12.25	1/15/99	33.4	91.88	13
MDC CORP-C	OC	7.00	4/15/93	75.0	65.00	10
ORIOLE HOME-A	AS	12.63	6/1/97	20.0	93.75	13
ORIOLE HOME-C	AS	12.88	7/15/00	25.0	90.00	14
REALTY REFUND-A	NY	11.38	11/1/98	20.0	83.00	13
REALTY REFUND-C	NY	12.00	5/15/98	15.0	83.63	14
SMI INVSTR-A	AS	14.00	11/1/87	9.9	95.00	14
TRECO-C	OC	6.75	9/1/91	5.3	56.00	12
US HOME	NY	10.00	8/15/87	33.7	92.25	10
US HOME-A	NY	12.75	1/15/89	50.0	102.00	12

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. VJ-BANKRUPTCY REORGANIZATION. DEF-IN DEFAULT. F-TRADES FLAT, WITHOUT ACCRUED INTEREST. #-MAY BE USED AT PAR TO EXERCISE WARRANTS.

REALTY STOCK GROUP ACTION SUMMARY

GROUP NUMBER & NAME	DIV	NON-DIV	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV	EARN ANN	LAST PRICE	-% CHNG FROM-- JAN 24	JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
1 PROPERTY REITS	34	0	34	3351	12.78	1.43	1.54	18.39	0.2	1.6	11.9	7.8	43.8	12.1	2149.0
2 PROP & MTG COMB REITS	10	1	11	3810	13.77	1.61	2.06	17.75	-0.7	-2.3	8.6	9.1	28.9	15.0	844.3
3 MORTGAGE REITS	13	2	15	4703	16.21	1.75	1.70	17.02	-1.5	-0.4	10.0	10.3	5.0	10.5	1299.8
4 MAJOR HOMEBUILDERS	8	3	11	12852	15.49	0.29	2.26	20.14	-8.5	-10.5	8.9	1.4	30.0	14.6	2397.9
5 OTHER HOME BLDRS/DEV	8	25	33	4911	6.65	0.06	0.10	9.06	-5.0	-2.6	87.7	0.7	36.3	1.6	1422.6
6 INCOME PROP/OWN/OPER	11	12	23	5326	8.92	0.48	0.95	15.29	-3.3	-3.6	16.2	3.1	71.5	10.6	1551.6
7 MTG, INVEST & HOLD COS	12	12	24	9304	7.81	0.20	1.05	11.95	-5.1	-0.4	11.4	1.6	53.1	13.4	2915.8
8 DIVERSIFIED RLTY&SERVCS	7	8	15	6240	7.49	0.12	1.14	13.06	-4.7	-4.4	11.5	0.9	74.3	15.2	1334.6
9 FORMER REIT WORKOUTS	0	8	8	12373	3.49	0.00	0.07	3.14	-5.7	1.2	42.6	0.0	-9.9	2.1	170.7
10 MANUFACTURED HOUSING	4	4	8	13025	4.96	0.15	0.61	11.05	-11.1	-10.3	18.1	1.3	122.6	12.3	1206.4
L LIQUIDATING COS			2	8752	1.45	4.50	1.91	2.50	8.0	73.6	1.3	180.0	72.4	131.7	51.8
OVERALL AVERAGE			184	6441	9.84	0.64	1.09	13.97	-3.4	-2.4	12.8	4.6	42.0	11.1	15344.5
DOW JONES INDUSTRIALS							56.12	1180.49	-5.0	-6.2	21.0	4.6			

NOTE: LIQUIDATING COMPANIES INCLUDED ONLY IN COMPANY AND MARKET VALUE AGGREGATES; NOT INCLUDED IN OVERALL AVERAGES.